



Judicial Council of California Administrative Office of the Courts

To the Managers and Staff of California's Trial Courts:

The Lockyer-Isenberg Trial Court Funding Act of 1997 has been called “*one of the most significant historic changes in our legal system’s structure.*” The act, also known as AB 233, relieved California’s county governments of responsibility for funding trial court operations, shifting that responsibility to the state.

This momentous change has far-reaching effects for the trial courts, which have relied on their respective counties for funding and operations and administrative support for over 40 years. Most importantly, the shift to state funding ushers in a new era of financial stability. The trial courts are assured they will receive the resources needed to provide public access to justice in their communities.

AB 233 requires the trial courts to assume new responsibilities for fiscal management and to be accountable for their use of public resources. It calls for the Judicial Council to “*adopt appropriate rules for budget submission, budget management, and reporting of revenues and expenditures by each court...the Judicial Council, shall maintain appropriate regulations for recordkeeping and accounting by the courts, in order to determine all moneys collected by the courts, including filing fees, fines, forfeitures, and penalties, and all revenues and expenditures relating to court operations.*”

In compliance with the recently adopted Rule 6.707, which requires the Administrative Office of the Courts (AOC) to adopt financial policies and procedures, this manual has been developed to establish the financial and accounting policies of California’s 58 trial courts. The manual is intended to assist the trial courts in complying with statutory requirements and administrative policies and procedures for trial court fiscal management. Between editions of the manual, Finance Memos will communicate new or enhanced financial policies and procedures to the trial courts. These Finance Memos will serve as interim guidelines, must be incorporated into your local manual, and distributed to court personnel as appropriate.

The manual sets out a system of fundamental internal controls that will enable the trial courts to monitor their use of public funds. To provide flexibility to trial court managers, the manual does not prescribe highly detailed procedures. Rather, it defines the guidelines and boundaries within which the courts will conduct their fiscal operations. The AOC recognizes that adhering to some of the procedures may not be efficient for smaller sized courts due to reliance on county systems and practices. In these instances, alternative procedures must be documented, incorporated into your local manual, and distributed to court personnel.

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Unless otherwise noted, alternative procedures to those included in the Trial Court Financial Policies and Procedures Manual or your county's policy documents, must be approved by the AOC prior to implementation. Undocumented procedures or those not approved by the AOC will not be considered valid for audit purposes.

It is imperative that local trial court operations and fiscal managers review their current practices, policies, and procedures to be sure that they are within the guidelines established by this manual. The AOC is available to provide guidance and to assist the trial courts in their efforts to improve fiscal operations and increase accountability for public funds.

For ease of use, this manual is divided into sections. Each section includes policies and procedures on specific business operations topics. A table of contents is included in each section to aid users in locating information on specific subjects.

The topics covered in this manual include:

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| <input type="checkbox"/> Trial Court Organization | <input type="checkbox"/> Procurement |
| <input type="checkbox"/> Fiscal Management | <input type="checkbox"/> Contracts |
| <input type="checkbox"/> Internal Controls | <input type="checkbox"/> Accounts Payable |
| <input type="checkbox"/> Fund Accounting | <input type="checkbox"/> Fixed Assets |
| <input type="checkbox"/> Budgets | <input type="checkbox"/> Cash Collections |
| <input type="checkbox"/> Accounting Practices | <input type="checkbox"/> Audits |
| | <input type="checkbox"/> Record Retention |

This manual will be revised and updated periodically. You are encouraged to submit suggestions for improving trial court business operations to the AOC. Suggestions and alternative policies submitted to the AOC for approval should be sent to the AOC's accounting unit at:

Administrative Office of the Courts
Re: Trial Court Financial Policies and Procedures Manual
FINANCE - 7th Floor
455 Golden Gate Avenue
San Francisco, CA 94102-3688

For specific questions related to the manual, please send them in writing to the address above.